



PSC NEWS

Missouri Public Service Commission

Contact: Kevin Kelly

Phone: (573) 751-9300

Governor Office Building, Suite 900

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PSC CAUTIONS CONSUMERS TO BE PREPARED FOR THE WINTER

Jefferson City (October 16, 2002)---Colder weather has reached Missouri and consumers may have turned on natural gas furnaces for the first time to take the chill out of their homes. With continued colder temperatures on the horizon, the Missouri Public Service Commission cautions consumers to be prepared for the winter heating season.

“Each year as winter approaches, thousands of Missourians enter the heating season without natural gas service due to service disconnections for non-payment or who face disconnection of service if they don’t make the necessary payments,” stated Commission Chairman Kelvin Simmons. “We encourage people who have had service disconnected for non-payment or who face disconnection for non-payment to work with their natural gas company to settle past due bills now and avoid the potential of entering the winter heating season without service.”

Instability in the Middle East, increased industrial natural gas consumption and the likelihood of colder winter weather have all factored into a heating season formula which the federal Department of Energy indicates could mean higher natural gas prices this winter versus last. The federal Department of Energy has estimated that home heating costs could increase by an average of 17 percent for natural gas customers.

“What wholesale suppliers charge the local natural gas company for natural gas is not regulated by the Missouri Public Service Commission,” stated Chairman Simmons. “With regard to wholesale supplier rates, our primary role at the Public Service Commission is to ensure that the local natural gas company makes prudent decisions in its purchasing of natural gas for its customers.”

The Missouri Public Service Commission has no jurisdiction over the price of propane.

The Missouri Public Service Commission

Informed Consumers, Quality Utility Services, and a Dedicated Organization for Missourians in the 21st Century



SOME FACTS ABOUT NATURAL GAS RATES

- Your local natural gas company must purchase natural gas to heat your home from a wholesale supplier. Missouri companies do not own natural gas fields.
- What the wholesale supplier charges your local natural gas company is determined in an unregulated market. Congress deregulated this over a decade ago. Now prices are determined in an open, competition-based market.
- Wholesale prices are subject to wide variations depending on a number of factors including supply, demand and weather. **Colder than normal weather tends to drive natural gas prices upward.**
- Instability in the Middle East is one of many factors that may cause natural gas prices to be higher this winter versus last. **The federal Department of Energy estimates heating bills could be about 17 percent higher this winter versus last.**
- The role of the Missouri Public Service Commission is limited when it comes to rate changes associated with the actual cost of natural gas. The Commission does not regulate wholesale supplier rates.
- Your local natural gas company must make a filing with the Public Service Commission in order to increase or decrease your natural gas rates to reflect wholesale supplier price changes.
- When a filing is made by a local natural gas company, the PSC Staff reviews it to:
 - ✓ Ensure that it is accurate.
 - ✓ Ensure it is in compliance with tariffs the Company has on file with the PSC.
 - ✓ Ensure it generally reflects current market conditions.
 - ✓ Ensure that the proposed change in rates considers any moderating factors like storage or fixed price contracts.
- The PSC Staff then recommends either approval or suspension to the Commission.
- Commission approval of a filing is on an interim, subject to refund, basis.

- **An important function of the Commission is a thorough review, at the end of a 12-month period, of the purchasing practices of your local natural gas company.** Many factors are looked at including:
 - ✓ Did the Company purchase gas supplies for their customers prudently.
 - ✓ Did the Company make reasonable decisions given the facts and circumstances that existed at the time purchase decisions were made.
- **The Commission also conducts an annual audit of the Company's wholesale supplier natural gas costs.** This is performed to ensure what the Company paid to wholesale suppliers is, in fact, what it received from its customers. Customer rates are adjusted to reflect any over or under collection of gas costs.
- In addition, the Commission continues to **encourage local natural gas companies to consider purchasing strategies** that provide reliable gas supplies that are priced as low as reasonably achievable and are not overly volatile. Purchasing strategies typically consider:
 - ✓ Long and Short Term Contracts
 - ✓ Fixed Price Contracts
 - ✓ Storage of Natural Gas
- **The Commission actively participates in Federal Energy Regulatory Commission cases** that affect the part of the gas bill associated with the cost of transporting gas supplies through interstate pipelines.



Customers should consider inquiring about energy savings tips and programs.

- Have the furnace checked and tuned-up if needed and replace furnace filters each month when dirty.
- Contact the local natural gas company to ask about budget billing, which spreads total energy costs over a 12-month period.
- Add attic insulation if necessary. Heat rises and without adequate home insulation that heat will quickly leak outdoors into the atmosphere. Some consumers may be eligible for weatherization assistance.
- Place weather stripping around doors, use plastic film covering and caulk windows to keep heat from escaping from your home. Close fireplace dampers when the fireplace is not being used.
- Have the chimney checked for blockage.
- Place an approved insulated cover-jacket around your hot water heater. Set your water heater temperature to 120 degrees.
- Use caution with gas fired appliances. Get professional help for any projects that are beyond your personal capabilities.